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#2 - Should VEGI seek equity in receiving companies

#3 - Recapture of incentives from companies that sell or relocate at some point.

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My perspective comes from over 20 years in Vermont Economic Development, as a private angel investor, working in the Dean Administration, an entrepreneur and as President of the [Vermont Center for Emerging Technologies \(VCET\)](http://www.vcet.co). VCET also is the manager and large investor in the Vermont Seed Capital Fund. The Fund has invested into 21 companies to date and VCET's team has served over 1,500 startups and entrepreneurs so far. I have a long professional history with state and federal economic development incentive programs, capital access, equity investing and tax credits too.

More importantly, my perspective is greatly shaped as a father of two middle school boys in Lamoille County. Along with my wife who is from Guilford, our unease is growing daily about where and how our children could work, earn and thrive. Vermont has to do better and more! Entrepreneurship is the only option remaining for Vermont to create new wealth and income opportunities for the majority of Vermonters today and for this next generation or two. Creating, funding and operating high performance programs that support this objective needs to be the priority. It's Vermont's revenue model after all. My view is that VEGI plays an important part for a certain critical segment of expanding employers in Vermont. Thank you for the work you do in support of VEGI.

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**#2 - Should VEGI or "the State" seek equity in companies that receive VEGI incentives**

My short answer: Nope. This condition would eliminate or preclude most employers from seeking VEGI program support in the first place. No public company or venture backed tech company would ever participate again for example.

Also, this would be a "double dip" return for the State above and beyond the ROI calculated as part of the VEGI modeling process to determine awards anyways. That seems onerous and certainly would put Vermont at a further disadvantage nationally and globally as a location to base expansion and investment.

This condition would jeopardize the overall efficacy of VEGI program as really the only meaningful economic development tool/program offered for scaling employers.

### **#3 - Recapture of incentives from companies that sell or relocate at some point.**

I recall VEGI has existing recapture provisions and mechanisms that are thoughtful, practical and can be enforced. The idea of an "exit" tax beyond what incentive recapture currently exists is a poor one. Again, this would only serve to make the program unattractive to most all employers seeking help to justify expansion/location in Vermont. Employers (and anyone who could buy them) have choices where to invest and locate.

Further, I believe public policy and awareness in general needs to focus on genuine economic development today. What use to be a "build it here or there" decision is almost always now a "build it here and there". While a seemingly small shift in conjunction from "or" to "and", this highlights the need for people, programs and capital to be more flexible, lower access barriers to investment and not overly fixate on getting it all, but getting sufficiently enough. Further, this also requires the state to keep "earning it" each year, every biennium, and with each large policy idea too. Employers and where they choose to invest next are the canaries in the coal mine for telling us whether or not our Vermont climate is business worthy and competitive.

Something else that I have come to witness and accept is that we are not seeing the creation of new 50 or 100 year old companies any longer. Those are the exceptions and cannot be our unrealistic goal. What we are seeing is the creation, growth and sale of 10 different companies for 10 years each. This velocity of people, capital and ideas will require Vermont, if it wishes to be sustained, to be fast, consistent, nimble and relevant with its programs for employers (large and small), capital providers (here and outside), workforce education (constant training/education), and to give this generation of employed Vermonter and younger folks like my two boys the confidence in their state to remain over time (they have choices where to live and work).

Overall, the ideas to get an equity kicker and create an new exit penalty for VEGI recipients are worth this discussion exercise, but in the end, these would be poor to disastrous policy changes. Adoption of either or both would effectively neuter the VEGI program as we know it and deter employers from utilizing it to remain and/or expand in Vermont.

Hope you find this input helpful. Happy to speak further to amplify if helpful. Thanks and again I am sorry that circumstances prevented me from an in person visit with the Board in July and September.